

# CEO Newsletter

13 April 2016



Dear Shareholders,

Since I wrote last we have spent a great deal of time looking at the results of the Roc-1 well and its consequences for the broader area including Phoenix South.

In February we attended a technical meeting convened by Quadrant Energy to review the Roc-1 gas condensate discovery, in March we reported the independently audited gas and condensate volumes for the Roc structure and more recently we have been working on plans for the Roc-2 appraisal well.

The Roc-2 well plans include a very thorough testing program in the zone where Roc-1 intersected the gas and condensate, we call this the Caley member. We also plan to be in a position to drill and log a deeper target in the Roc-2 well, which corresponds with the same interval in the Roc-1 well that was still showing hydrocarbons on logs prior to termination of drilling.

The Roc-2 well is currently before joint venture partners for final approval with a tentative spud date expected between June and September 2016.

In addition to the Roc structure work, we also continued our technical evaluation of the Phoenix South structure. This structure discovered light oil in a zone we call the Barret member. Interestingly our work suggests the structure could also contain gas and condensate in the lower Caley member, the interval gas and condensate was discovered in the Roc-1 well.

You may have also noticed that in April we secured a new block adjoining the Phoenix acreage. Our view is this permit contains a possible extension of the Lower Triassic play that we've uncovered in the Phoenix South-1 oil and Roc-1 gas and condensate discoveries. This new permit, WA-521-P contains some very large structures, which if charged from the Lower Triassic, could contain very large volumes of hydrocarbons. Our technical team have done well to secure this permit. As market sentiment improves, this block has the potential to be a tremendous growth asset for Carnarvon with a major partner.

We have also been advancing plans for the Outtrim East-1 well and plan to spud this in around eight weeks' time. This well will target a previous oil discovery and its objective is to provide us with a clearer picture of this opportunity, including the quantum of oil in the drilled structure.

Behind the scenes we have also been promoting the company and its assets. Dr Stephen Molyneux was in London in March speaking at the APPEX conference on "*Jack up territory exploration on the NW Shelf of Australia - the North Sea of 20 years ago?*". Dr Jeff Goodall was in Singapore this month at the SEAPEX conference promoting our assets in a Carnarvon booth. And last month I presented at the Euroz Securities conference with some positive buying interest arising from Euroz clients following the presentation.

As I reiterated to the audience at the Euroz Securities conference, our strategy and focus is clear and we are successfully executing our plan. We have drilled two key discoveries and acquired a diversified suite of low cost holdings on the North West Shelf. We have an active portfolio that is well positioned for an improvement in sentiment and prevailing oil prices.

Yours faithfully



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